TO : Deputy Chief, SSD 22 June 1954

FROM : Chief, Special Referral Branch

SUBJECT: HIDALGO, Balmes, Jr.
#65077

GIST

The Subject is a covert employee of this Agency now in the United States for four weeks training and being considered for use by Staff C/ICB in a highly sensitive assignment. Immigration authorities may submit questions through this Agency which will be answered by the Subject, but requests to have the Subject testify in open court hearings must be refused.

DETAILS

1. Reference is made to the letter received by the Alien Affairs Staff from the Immigration and Naturalization Service and reference to your request of 15 June 1954 to ascertain the details of the Subject's status with this Agency and prepare a reply to I&NS.

2. On 17 June 1954 Special Agent Chester R. HOATSON of this office interviewed Mr. Robert DAHLGREN, Acting Chief, WH/FI, Room 1128 "J" Building, and Mr. (John BONNET) Chief, WH/Panama, Room 2204 Quarters "J", x4456, regarding the Immigration request. The following information was obtained during this interview.

a. The Subject is still a covert employee of this Agency, is now in the United States (New York City) on home leave, and is scheduled to report to Washington, D.C., to commence four weeks of covert trainingon 6 July 1954.

b. The Subject is presently under consideration by Staff C/ICB for an assignment with a highly sensitive project under the supervision of Staff C/ICB. Under this proposed assignment any publicity or notoriety that the Subject would receive from testifying publicly on questions of Communist associations of which he may have knowledge would ultimately preclude his future use with the Staff C project and would probably jeopardize his future as a covert employee of this Agency.

c. If the Staff C assignment does not materialize, the Subject will return to (Balboa, Panama Canal Zone) on approximately 15 August 1954 as a case officer, and this position would also be jeopardized by undue publicity.

16-46

2/RN

3. Mr. DAHLGREN and Mr. [illegible] indicated that from a WH standpoint only there would be no objection to a controlled interview with the Subject if the interview could be afforded the Subject while he is still in New York City. This, however, would have to be coordinated with Staff C/ICB for possible objections that they might raise in view of their proposed use of the Subject. Mr. [illegible] requested that he be informed of any action taken in this matter and any public testimony or open court testimony would have to depend on the seriousness of the case being prepared by the Immigration authorities.

4. Any contact with the Subject during his period of covert training from 6 July to approximately 15 August 1954 would have to also be coordinated with Mr. Peter HOEHL, Covert Training Officer, OTR, whose office is located in Building T-31.

5. In [illegible] June 1954 Special Agent HOATSON contacted Mr. Paul BURKE, Staff C/ICB, 1613 "I" Building, x668, to discuss the Subject's future position and also the request received from I&NS. The following factors were obtained from Mr. BURKE:

a. The Subject's use in the proposed Staff C project is still in the planning stage, but the assignment that the Subject is being considered for is a highly sensitive one and any further publicity which the Subject may receive would ultimately disqualify him for consideration on this project.

b. Any approval for I&NS contact of the Subject would have to be determined after carefully considering the importance of the I&NS case for which the Subject's testimony may be required. Mr. BURKE indicated that the Subject could still be considered as an employee of WH Division regardless of whether or not the proposed Staff C/ICB assignment materializes and any action in the request received from I&NS should be closely coordinated with both Staff C and WH.

6. Mr. PENNINGTON, Alien Affairs Staff, SO, contacted William A. HOGAN, Special Assistant to the Commissioner of Immigration and Naturalization on 18 June 1954 requesting further information regarding their memorandum of 9 June 1954 on the Subject. Mr. HOGAN explained that I&NS has a list of possible informants which contains the Subject's name. The people on this list are being contacted for use on a continuing basis when specific cases arise which might fall in their particular area of knowledge. At the present time, I&NS has no specific case for which they want to contact the Subject, but they just want to know if he would be available in the future for use as an informant regarding various Communist activities of which the Subject has personal knowledge.

6/RJ

7. After his conversation with Mr. HOGAN, Mr. PENNINGTON indicated that a refusal of the I&NS request would not be considered out of order, but recommended cooperating to the extent that I&NS could submit specific questions to this Agency which could be presented to the Subject and the answer forwarded to I&NS. The refusal of their original request should be based on the sensitivity of the Subject's position which could be jeopardized by any undue publicity and also on the fact that the Subject moves frequently and it would be difficult to locate him until personal contact was reinstituted.

8. Mr. James SPROUSE, Alien Affairs Staff/SO, stated on 18 June 1954 that Mr. HOGAN, Special Assistant to the Commissioner of Immigration and Naturalization, had indicated in a conversation with Mr. SPROUSE on 8 June 1954 that I&NS had been able to locate the Subject's location and affiliation with this Agency through the Subject's father who told the inspector that the Subject was employed by this Agency in Balboa, Panama, Canal Zone, which appears to be a security flap on the part of the Subject's father.

9. Mr. John BONNET, Chief, WH/Panama, was recontacted on 18 June 1954 and informed of the nature of the I&NS request and also informed of the apparent security flap on the part of the Subject's father. On the basis of this further information, it was suggested to Mr. BONNET that the I&NS authorities be requested to submit any questions through this Agency which would, in turn, be presented to the Subject and his answers be returned to I&NS. Mr. BONNET agreed to the proposal of having the I&NS people contact the Subject through this Agency and also indicated that the reported security breach on the part of the Subject's father would be taken into consideration and an attempt would be made to determine the extent of the Subject's relatives or acquaintances know of the Subject's employment by this Agency. Mr. Paul BURKE, Staff C/ICB, also agreed to the proposed procedure and requested that any and all action taken be coordinated with WH and Staff C.

ACTION

It is recommended that the attached memorandum to I&NS and to the Chief, WH Division, with a carbon copy to Staff C/ICB, be forwarded and that no further action be taken pending a report from Mr. BONNET regarding the seriousness of the security flap from an operational standpoint.

Charles W. Kane

Attachments
1 - Letter to I&NS
1 - Letter to WH with cc to Staff C/ICB

HOATSON/mlh
6/21/54